

GOVERNMENT OF ANDHRA PRADESH

**ABSTRACT**

Irrigation & CAD Dept – Revised rates of seigniorage charges for the materials of Gravel / Morrum / Earth in respect of 20 works in SRSP, NKLI, Suddalavagu and Peddegadda Projects – Adoption - Recommendations of the Advisory Committee - Accepted – Orders – Issued.

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**IRRIGATION & CAD (PW: REFORMS) DEPARTMENT**

G.O.Ms.No. 100

Date: 21-8-2009

**Read the following:-**

1. G.O.Ms.No.77, I&CAD (PW: Reforms) Dept., dated 15.4.2006
2. Govt.Irrgn.&CAD Memo.No.8712/Reforms/2007, dated 25.1.2008
3. From the Builders Association of India representations dated 10-3-2008, 18-4-2008 addressed to Hon'ble M(M&MI)
4. From Chief Engineer, GLIS Hanmakonda Lr.No.CE/GLIS/Wgl/TS/T6/F.9/1283, dated 27.5.2008
5. From the Chief Engineer (P) Mahaboobnagar Letter.No.CE(P)/MBNR/MGJLIP/Reforms/648, dated 6.6.2008
6. From the ENC, Irrigation Letter.No.ENC/IW/P&M/EE.I/DEE.8/300807/07-5, dated 19.2.2009
7. From the Chairman Builders Association of India representation date Nil addressed to Hon'ble Minister (M&MI) vide Endt.No.113/M(M&MI)/2009, dated 18.6.2009.

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The rates of seigniorage fee for Minor materials like Building Stone, ordinary earth ordinary sand were revised in G.O.Ms.No.217, Industries & Commerce (M.I) Department dated 29.9.2004. Earlier, prior to revision the same were adopted as specified in G.O.Ms.No.331, Industries & Commerce (M.I) Department dated 21.6.2000.

2. In the G.O. first read above, orders were issued that the Seigniorage charges are to be recovered as provided in the Agreement and any escalations in these charges beyond the provisions of the Agreement are to be borne by the Department debiting such escalated amount to the works estimate concerned. It was indicated therein that these rates will be applicable for future agreements and with prospective effect only.

3. The Builders Association of India of A.P. in their representations third read above have represented that certain works under Sri Ram Sagar Project, NKLI, Suddavagu and Peddagedda Projects were taken up during 2003-2004 and 2004-2005 and recovery of seigniorage charges was made as per the revised rates prescribed in G.O.Ms.No.217, Ind. & Com. Dept dt.29.9.2004 with effect from 1.10.2004 and not as per G.O.Ms.No.331, Ind. & Com Dept dt.21.6.2000. The Association requested the Government to consider the matter sympathetically and arrange to refund to the Agencies, the difference of the Seigniorage Charges recovered for 20 (twenty) works shown in the Annexure in respect of sand, stone, and earth duly revising the estimates with enhanced Seigniorage charges.

4. The Chief Engineer, (P) Mahabubnagar when consulted has reported in the reference 5th read above that agreements in certain works in his unit were concluded during the period from 11.7.2003 to 24.9.2004 and recovery of seigniorage charges was made as per the rates prescribed in G.O.Ms.No.331, Ind&Com. Dept dt.21.1.2000. But in accordance with revised rates vide G.O.Ms.No.217; Industries & Com Dept 29.9.2004 revised seignorages were recovered from the Agencies. He opined that it is appropriate and fair to reimburse the increased seigniorage charges. The Chief Engineer GLIS Warangal in his letter 4th read above has also informed on similar lines.

5. M/s Sri Laxmi Engineering Company has approached the Hon'ble High Court vide W.P.No.20661 of 2006 and 20490 of 2006 regarding recovery of revised seigniorage charges for ordinary earth obtained from borrow areas used for banking for the work of "Formation of Balancing Reservoir on Bayyanna Vagu under Kakatiya Canal between Km 323 & Km 328 near Kodakondla Village, Warangal District. The Hon'ble High Court in its interim order dated 29.9.2006 in W.P.M.P.No.26191/2006 in W.P.No.20661/2006 directed the Department not to deduct enhanced Seigniorage charges until further orders. The Government after examination and in consultation with Industries & Commerce Department & Law Department issued orders in the Memo 2<sup>nd</sup> read above to revise the estimates of the above work with modified seigniorage charges and supplemental agreement concluded with the Agency for recovery at new seigniorage charges for the materials Gravel / Morrum / Earth subject to withdrawal of W.P.No.20661/2006 and WPMP.No.26191/2006 filed by them in the Hon'ble High Court.

6. The Industries & Commerce Department have informed in their U.O.No.10192/M.I(2)/08, dated 20.9.2008 that the proposal submitted by the Engineer-in-Chief, Irrigation is reasonable, since the Department will have sufficient fund for recovery of enhanced seigniorage fee, CST and VAT etc., in addition to the budgetary provisions made in the original estimates. However, the Engineering Department should ensure in the agreement contract, to recover the Seigniorage Fee prevailing as on date of dispatch of minor minerals to their works.

7. This issue has been referred to the Advisory Committee constituted in G.O.Ms.No.144, I&CAD (PW:Reforms) Department dated 13<sup>th</sup> June 2007 and the Committee discussed the subject in its meeting held on 11.2.2009 and opined that in almost all the works mentioned in the Builders Association of India representations, "Earth work excavation" is a common item. Further the Committee observed that the Government issued instructions vide Memo.No.8712/Reforms/2007 dated 25.1.2008 after consulting the Law Department and Industries & Commerce Department to revise the seigniorage charges as modified and to enter supplemental agreement with the Agency for recovery of seigniorage charges for the materials Gravel / Morrum / Earth. The Committee recommended to Government to revise the modified seigniorage charges for the 20 (twenty) mentioned in the representations of Builders Association of India dated 10.3.2008 and 18.4.2008 duly entering the supplemental agreement with the Agencies for recovery of new seigniorage charges for materials like Gravel / Morrum / Earth only subject to the condition that the Agencies withdraw the cases filed by them and pending in the Hon'ble High Court. Regarding revised seigniorage charges other than Gravel / Morrum / Earth, the Advisory Committee suggested to refer the issue to Board of Chief Engineers for taking a suitable decision.

8. In the circumstances reported above, Government after careful consideration hereby accept the recommendations of the Advisory Committee and order to revise the modified seigniorage charges of Gravel / Morrum / Earth for the 20 (twenty) works executed in SRSP, NKLI, Suddavagu and Peddagedda Projects indicated in the Annexure appended to this Order duly entering the supplemental agreements with the Agencies for recovery of new seigniorage charges for the materials like Gravel / Morrum / Earth only, subject to the condition that the Agencies withdraw the cases filed by them and pending in the Hon'ble High Court of Andhra Pradesh.

9. The Engineers-in-Chief and Chief Engineers are directed not to entertain such proposals in future. The Engineer-in-Chief / Chief Engineer concerned of the works mentioned in the Annexure shall verify thoroughly and ensure that the estimates of the said works were prepared adopting seigniorage rates prescribed in G.O.Ms.No.331, Industries & Commerce dated 21.6.2000, but recovery from the bills was made as per revised Seigniorage rates specified in G.O.Ms.No.217, Industries & Commerce Department dated 29-9-2004 before taking further action.

10. This order is issued with the concurrence of Finance (W&P) Department vide their U.O.No.872/F8 (1)/09-1, dated 23.3.2009 and Industries & Commerce Dept. vide their U.O.No.10192/M.I (2)/08, dated 20.9.2008.

**(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)**

**SHAILENDRA KUMAR JOSHI  
PRINCIPAL SECRETARY TO GOVERNMENT**

To  
The Chief Engineer, (P) Mahabubnagar  
The Chief Engineer, GLIS Hanmakonda, Warangal  
Copy to:-  
All the Engineers-in-Chief, I&CAD Department  
All the Chief Engineers of I&CAD Department  
The Chairman, Builders Association of India, (AP) Hyderabad  
The PS to M (M&MI)  
The PS to Prl. Secy (P) / Secretary (AD) / Secretary (RRM)

// FORWARDED BY ORDER//

SECTION OFFICER